

## **FISCAL NOTE**

### **HB 2324 - SB 2308**

March 22, 2005

**SUMMARY OF BILL:** Authorizes pharmacists to dispense generic drugs for the same brand name drug unless the physician indicates "dispense as written" or "no substitution allowed" in the physician's handwriting. Requires physicians to include on the prescription instructions regarding generic substitution in circumstances where a generic equivalent cannot be safely substituted for the prescribed drug. Creates an exception for the prescription of drugs dispensed by the department of health or local health departments to be signed by the physician or surgeon on the day issued.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures - \$11,585,200**

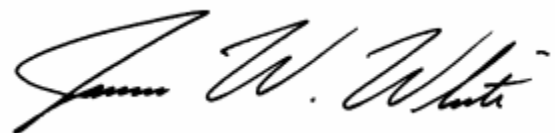
**Other Fiscal Impact – Decrease Federal Expenditures - \$20,771,200**

#### **Assumptions:**

- The TennCare program currently has an 86% utilization rate of prescription drugs.
- TennCare would reach 95% utilization of prescription drugs which would increase the number of generic prescription drugs by 2,395,885.
- The average cost of a brand name drug is \$34.97 and the average cost of a generic drug is \$16.72 resulting in an average savings of \$18.25 per generic drug used.
- The decrease in expenditures would equal \$43,724,901 minus a 26% drug rebate; the total decrease in expenditures equals \$32,356,400.
- The decrease in state expenditures is \$11,585,200 at a 35.805% match rate.
- The decrease in federal expenditures is \$20,771,208 at a 64.195% match rate.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director